

**UNIFIED SCHOOL DISTRICT NO. 491**

**Eudora, Kansas**

**Financial Statements**

**For the Year Ended June 30, 2015**

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UNIFIED SCHOOL DISTRICT NO. 491  
Financial Statements  
For the Year Ended June 30, 2015

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Financial Statements  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Unified School District No. 491  
Eudora, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 491 (the District), Eudora, Kansas, as of and for the year ended June 30, 2015 and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

#### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District, as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

#### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory receipts and expenditures-actual and budget, summary of regulatory receipts and disbursements-agency funds, and the schedule of regulatory receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with "Government Auditing Standards", we have also issued our report dated December 14, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

#### *Other Matter*

The 2014 Actual column presented in the individual fund financial schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated September 11, 2014. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: <http://da.ks.gov/ar/muniserv>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The 2014 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statements or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly presented in all material respects in relation to the 2014 basic financial statements as a whole, on the basis of accounting described in Note 1.

*Mize Houser & Company PA*

Certified Public Accountants  
Lawrence, Kansas

December 14, 2015

UNIFIED SCHOOL DISTRICT NO. 491  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2015

	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
<u>Funds</u>							
General Funds:							
General	\$ -	\$ -	\$ 9,330,880	\$ 9,330,880	\$ -	\$ -	\$ -
Supplemental General	149,293	-	3,012,334	3,075,293	86,334	-	86,334
Special Purpose Funds:							
At Risk (K-12)	225,000	-	863,907	1,088,907	-	-	-
Bilingual Education	5,000	-	59,064	64,064	-	-	-
Capital Outlay	[64,074]	-	906,266	794,680	47,512	-	47,512
Driver Training	1,000	-	14,214	15,214	-	-	-
Food Service	73,954	-	845,230	820,165	99,019	-	99,019
Professional Development	2,000	-	49,344	51,344	-	-	-
Parent Education	3,000	-	9,465	12,465	-	-	-
Special Education	222,015	-	2,283,595	2,499,679	5,931	-	5,931
Vocational Education	75,707	-	337,503	413,210	-	-	-
Gifts and Grants	119,166	-	113,323	224,475	8,014	-	8,014
KPERs Special Retirement Contribution	-	-	873,301	873,301	-	-	-
Federal Grant	-	-	1,305,324	1,305,324	-	-	-
Contingency Reserve	229,500	-	-	119,293	110,207	-	110,207
Textbook and Student Material Revolving	6,761	-	48,148	31,091	23,818	-	23,818
District Activity	10,000	-	161,173	170,866	307	-	307
Bond and Interest Funds:							
Bond and Interest #1	<u>1,793,477</u>	<u>-</u>	<u>6,267,882</u>	<u>6,078,066</u>	<u>1,983,293</u>	<u>-</u>	<u>1,983,293</u>
Total	\$ 2,851,799	\$ -	\$ 26,480,953	\$ 26,968,317	\$ 2,364,435	\$ -	\$ 2,364,435

Composition of Cash:

Kaw Valley State Bank	
Checking Accounts	\$ 1,885,254
Money Market	75,290
Douglas County Bank	
Money Market	<u>615,800</u>
Cash Balance	2,576,344
Less: Agency Funds per Schedule 3	<u>[211,909]</u>
Total Reporting Entity (Excluding Agency Funds)	\$ 2,364,435

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 491 (the District) is a municipal corporation governed by an elected seven-member board.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no related municipal entities that are included in the District's reporting entity.

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2015:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Agency Fund - used to report assets held by the municipal entity in a purely custodial capacity (i.e. payroll clearing fund, student organization fund, permanent trust funds, etc.).



UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended for the year ended June 30, 2015.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds, and the following special purpose funds: Textbook and Student Material Revolving, Contingency Reserve, and District Activities.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Expenditures in the amount of \$267,124 and \$18,051 are classified as reimbursed expenses in the General Fund and Supplemental General Fund, respectively. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. The related disbursement was made in the current year on behalf of the payee,
2. The item paid for was directly identifiable as having been used by or provided to the payee, and
3. The amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 2 - Deposits and Investments

*Deposits.* K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

*Investments.* K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District's designated "peak periods" are from January 1 through February 28, April 16 through April 17, May 1 through May 15, and June 15 through July 10 at Kaw Valley Bank, and January 20 through February 13, May 1 through May 18, and June 5 through July 31 at Douglas County Bank. All deposits were legally secured at June 30, 2015.

At June 30, 2015, the District's bank balance was \$2,856,917. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance and \$2,097,907 was collateralized with securities held by the pledging financial institutions' agents in the District's name. The remaining amount of \$259,010 was unsecured at June 30, 2015. However, the unsecured amount was during one of the District's designated peak periods and the bank balance was secured in excess of the statutory required coverage of 50% during a peak period.

*Substance receipt in transit.* The District received \$596,086 in General State Aid and \$94,257 in Supplemental General State Aid subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 3 - Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Restated Beg. Principal <u>Outstanding</u>	Additions to Principal <u>Principal</u>	Refundings of Principal <u>Principal</u>	Reductions of Principal <u>Principal</u>	Ending Principal <u>Outstanding</u>	Interest <u>Paid</u>
General Obligation Bonds:						
Series 2008-A	\$ 11,250,000	\$ -	\$ 225,000	\$ 25,000	\$ 11,000,000	\$ 542,500
Series 2009-A	11,250,000	-	-	25,000	11,225,000	573,894
Series 2009-B	5,000,000	-	-	25,000	4,975,000	256,219
Series 2009-C	5,500,000	-	-	-	5,500,000	364,375
Series 2010-A	13,450,000	-	-	500,000	12,950,000	570,625
Series 2011-A	6,655,000	-	-	-	6,655,000	330,600
Series 2012	6,495,000	-	1,935,000	420,000	4,140,000	101,093
Series 2014	-	2,220,000	-	-	2,220,000	36,260
Total General Obligation Bonds	<u>59,600,000</u>	<u>2,220,000</u>	<u>2,160,000</u>	<u>995,000</u>	<u>58,665,000</u>	<u>2,775,565</u>
Capital Leases:						
TAC Energy Conservation Program	1,043,397	-	-	162,374	881,023	27,957
Total Capital Leases	<u>1,043,397</u>	<u>-</u>	<u>-</u>	<u>162,374</u>	<u>881,023</u>	<u>27,957</u>
Total Long Term Debt	<u>\$ 60,643,397</u>	<u>\$ 2,220,000</u>	<u>\$ 2,160,000</u>	<u>\$ 1,157,374</u>	<u>\$ 59,546,023</u>	<u>\$ 2,803,522</u>

The following is a detailed listing of the District's general obligation bonds:

	Interest Rates	Date of Issue	Amount of Issue	Current Balance <u>Outstanding</u>	Date of Final Maturity
General Obligation Bonds:					
Series 2008-A	4.00 to 5.50%	3/1/2008	\$ 11,250,000	\$ 11,000,000	9/1/2029
Series 2009-A	3.00 to 5.50%	4/1/2009	11,250,000	11,225,000	9/1/2029
Series 2009-B	3.00 to 5.25%	8/1/2009	5,490,000	4,975,000	9/1/2025
Series 2009-C	6.625%	8/1/2009	5,500,000	5,500,000	9/1/2029
Series 2010-A	2.00 to 5.50%	2/1/2010	13,875,000	12,950,000	9/1/2029
Series 2011-A	4.00 to 5.00%	3/1/2011	6,655,000	6,655,000	9/1/2029
Series 2012	2.00 to 2.50%	6/5/2012	6,495,000	4,140,000	9/1/2022
Series 2014	3.000%	8/15/2014	2,220,000	2,220,000	9/1/2019
			<u>\$ 62,735,000</u>	<u>\$ 58,665,000</u>	

In a November 6, 2007 election, District voters approved the issuance of general obligation bonds in an amount not to exceed \$45,000,000 in order to fund District improvements, including: to construct, furnish and equip a new grade 1 to 5 elementary school, additional space at the existing middle school, auditorium and additional space at the existing high school, a new technology education center, and a new physical education and athletic complex; make other improvements for technology and safety; acquire technology and energy conservation equipment; and make other necessary improvements.

On March 1, 2008, the District issued \$11,250,000 in Series 2008-A General Obligation Bonds, with maturity dates of September 1, 2014 through September 1, 2029, and interest rates from 4% to 5.5%. The purpose of the Series 2008A Bonds is to pay for District improvements. Interest on the 2008A Bonds is due semi-annually on March 1 and September 1.

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 3 - Long-Term Debt (Continued)

On April 1, 2009, the District issued \$11,250,000 in Series 2009-A General Obligation Bonds, with original maturity dates of September 1, 2014 through September 1, 2029, and interest rates from 3% to 5.5%. The purpose of the Series 2009A bonds is to pay for District improvements. Interest on the Series 2009A Bonds is due semi-annually on March 1 and September 1.

On August 1, 2009, the District issued \$5,490,000 in Series 2009-B General Obligation Refunding and School Building Bonds, with maturity dates of September 1, 2011 through September 1, 2025, and interest rates from 3% to 5.25%. The purpose of the Series 2009-B Bonds was to pay in full the Series 2007 General Obligation Temporary Notes and to pay in full the outstanding bonds for the Series 2001 General Obligation Bonds. Interest on the Series 2009-B Bonds is paid semi-annually on March 1 and September 1.

On August 1, 2009, the District issued \$5,500,000 in Series 2009-C General Obligation School Building Bonds (Build America Bonds), with a maturity date of September 1, 2029 and an interest rate of 6.625%. The purpose of the Series 2009-C Bonds is to pay for District improvements. Interest on the Series 2009-C Bonds is paid semi-annually on March 1 and September 1. The American Recovery and Reinvestment Act of 2009 created the Build America Bond program which allows the District to receive a direct federal subsidy equal to 35% of their interest costs.

On February 1, 2010, the District issued \$13,875,000 in Series 2010-A General Obligation Refunding and School Building Bonds, with maturity dates of September 1, 2012 through September 1, 2029 and interest rates from 2% to 5.5%. The purpose of the Series 2010-A Bonds was to pay in full the outstanding bonds for the Series 2001 General Obligation Bonds and to pay in full the outstanding bonds for the Series 2003 General Obligation Bonds. Interest on the Series 2010-A Bonds is paid semi-annually on March 1 and September 1.

On March 1, 2011, the District issued \$6,655,000 in Series 2011-A General Obligation Refunding and School Building Bonds, with maturity dates of September 1, 2020 through September 1, 2029 and interest rates from 4% to 5%. The purpose of the Series 2011-A Bonds was to pay in full the Series 2009-1 General Obligation Temporary Notes and to pay in full the outstanding bonds for the Series 2003 General Obligation Bonds. Interest on the Series 2011-A Bonds is paid semi-annually on March 1 and September 1.

On June 5, 2012, the District issued \$6,495,000 in Series 2012 General Obligation Refunding Bonds, with maturity dates of September 1, 2014 through September 1, 2022 and interest rates of 2% to 2.5%. The purpose of the Series 2012 Bonds was to pay in full the remaining outstanding bonds for the Series 2003 General Obligation Bonds. Interest on the Series 2012 Bonds is paid semi-annually on March 1 and September 1.

On August 15, 2014, the District issued \$2,220,000 in Series 2014 General Obligation Refunding Bonds, with maturity dates of September 1, 2019 and an interest rate of 3.00%. The purpose of the Series 2014 Bonds is to partially pay the outstanding bonds for the Series 2008-A and Series 2012 General Obligation Bonds. Interest on the Series 2014 Bonds is paid semi-annually on March 1 and September 1.

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 3 - Long-Term Debt (Continued)

The following are the annual debt service requirements to maturity for the above long-term debt:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 995,000	\$ 2,781,130	\$ 3,776,130
2017	1,025,000	2,751,774	3,776,774
2018	1,060,000	2,716,699	3,776,699
2019	1,110,000	2,676,668	3,786,668
2020	4,785,000	2,577,650	7,362,650
2021 - 2025	17,675,000	10,930,241	28,605,241
2026 - 2030	<u>32,015,000</u>	<u>4,723,488</u>	<u>36,738,488</u>
Total	<u>\$ 58,665,000</u>	<u>\$ 29,157,650</u>	<u>\$ 87,822,650</u>

Legal Debt Margin – The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. The District obtained permission from the Kansas State Board of Education to issue bonds in excess of its statutory limit.

The District has entered into a long-term agreement for energy conservation programs with TAC Americas, Inc. The agreement provides for the installation of TAC Vista Energy Management Systems in the District's schools for the purpose of increasing efficiency and decreasing energy costs. The agreement calls for annual payments in November of each year with the last payment scheduled for November 1, 2019.

The following is the annual debt service requirement to maturity for the long term lease agreement:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 166,874	\$ 27,260	\$ 194,135
2017	171,940	22,194	194,135
2018	177,285	16,850	194,135
2019	182,732	11,402	194,135
2020	<u>182,191</u>	<u>5,787</u>	<u>187,979</u>
Total	<u>\$ 881,023</u>	<u>\$ 83,494</u>	<u>\$ 964,517</u>

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 4 - Interfund Transfers

Transfers are approved by the Board of Education and are as follows:

From	To	Amount	Authority
General Fund	Special Education Fund	\$ 1,532,299	K.S.A. 72-6428
Supplemental General Fund	Bilingual Education Fund	59,064	K.S.A. 72-6433
Supplemental General Fund	Food Service Fund	44,423	K.S.A. 72-6433
Supplemental General Fund	Parent Education Fund	9,465	K.S.A. 72-6433
Supplemental General Fund	Special Education Fund	692,066	K.S.A. 72-6433
Supplemental General Fund	Vocational Education Fund	12,262	K.S.A. 72-6433
Supplemental General Fund	At Risk (K-12) Fund	863,907	K.S.A. 72-6433
Contingency Reserve Fund	Supplemental General Fund	35,000	K.S.A. 72-6426
Contingency Reserve Fund	Vocational Education Fund	84,293	K.S.A. 72-6426
Total		<u>\$ 3,332,780</u>	

NOTE 5 - Defined Benefit Pension Plan

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

*Net Pension Liability.* The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014, the net pension liability for KPERS was \$8,291,749,910. KPERS has determined the District's proportionate share of the net pension liability is \$12,095,700 as of June 30, 2014. The complete actuarial valuation report, including all actuarial assumptions and methods is publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above.

NOTE 6 – Compensated Absences

The District's policies regarding vacation pay permit full-time classified employees to accumulate vacation days as follows:

<u>Years of Service</u>	<u>Days per Year</u>
1 – 5	12
6 – 10	15
11 – 15	18
16 or more	21

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 6 – Compensated Absences (Continued)

Unused vacation to be carried over at the end of the year may not exceed 10 days. The total possible accumulation of unused vacation is 31 days.

The District's leave policies are as follows:

**Classified Employees** – Classified employees earn leave at the rate of one day for each month of service. Employees with 35 or more days of accumulated leave may, at their option, be paid for unused current leave days at the rate of \$20 per day and will be paid at the conclusion of each school year.

Classified employees terminating their employment will be paid based on their ending daily rate for each day of adjusted accumulated leave, but only to the limit of accumulation their job allows.

**Certified Personnel** – A teacher with at least 15 years of experience within U.S.D. No. 491 will receive payment for all accumulated leave days at \$75 per day upon leaving the District's employment.

Each teacher shall have the option of receiving payment for unused current leave or the teacher may transfer one or more days of the unused leave to his or her personal leave account. Payment for unused leave shall be \$50 per day.

The estimated unused compensated absences at June 30, 2015 is \$254,315.

NOTE 7 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2015.

NOTE 8 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 10 – Statutory Violation

Actual exceeded budgeted expenditures in the Professional Development and Gifts and Grants Funds, which is a violation of K.S.A. 79-2935.

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UNIFIED SCHOOL DISTRICT NO. 491  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
General Funds:						
General	\$ 9,063,756	\$ [327,035]	\$ 267,124	\$ 9,330,880	\$ 9,330,880	\$ -
Supplemental General	3,194,635	[101,291]	[18,051]	3,075,293	3,075,293	-
Special Purpose Funds:						
At Risk (K-12)	1,235,132	-	-	1,235,132	1,088,907	146,225
Bilingual Education	65,000	-	-	65,000	64,064	936
Capital Outlay	1,381,420	-	-	1,381,420	794,680	586,740
Driver Training	16,000	-	-	16,000	15,214	786
Food Service	931,593	-	-	931,593	820,165	111,428
Professional Development	17,000	-	-	17,000	51,344	[34,344]
Parent Education	15,000	-	-	15,000	12,465	2,535
Special Education	2,693,891	-	-	2,693,891	2,499,679	194,212
Vocational Education	820,000	-	-	820,000	413,210	406,790
Gifts and Grants	219,166	-	-	219,166	224,475	[5,309]
KPERs Special Retirement Contribution	1,052,242	-	-	1,052,242	873,301	178,941
Federal Grant	1,230,000	-	-	1,230,000	1,305,324	[75,324]
Debt Service Funds:						
Bond and Interest #1	6,087,580	-	-	6,087,580	6,078,066	9,514

UNIFIED SCHOOL DISTRICT NO. 491  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,008,081	\$ -	\$ -	\$ -
Delinquent taxes	14,752	-	-	-
Federal grants	6,000	-	-	-
State aid	6,433,645	7,531,457	7,594,491	[63,034]
State special education aid	1,510,382	1,532,299	1,796,300	[264,001]
Reimbursements	173,129	267,124	-	267,124
Total Receipts	<u>9,145,989</u>	<u>9,330,880</u>	<u>\$ 9,390,791</u>	<u>\$ [59,911]</u>
Expenditures				
Instruction	4,321,204	4,562,428	\$ 4,433,000	\$ [129,428]
Student support services	448,073	454,928	443,600	[11,328]
Instructional support staff	270,546	280,852	272,500	[8,352]
General administration	266,044	246,234	264,500	18,266
School administration	515,432	587,713	505,500	[82,213]
Central services	171,256.89	175,077	138,000	[37,077]
Operations and maintenance	1,223,578	1,120,618	1,123,591	2,973
Transportation	419,473	370,731	413,800	43,069
Transfers out	1,510,382	1,532,299	1,796,300	264,001
Adjustments to comply with legal max	-	-	[327,035]	[327,035]
Adjustments for qualifying budget credits	-	-	267,124	267,124
Total Expenditures	<u>9,145,989</u>	<u>9,330,880</u>	<u>\$ 9,330,880</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 491  
Supplemental General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,324,418	\$ 695,216	\$ 750,805	\$ [55,589]
Delinquent taxes	18,484	20,826	23,800	[2,974]
Motor vehicle taxes	149,403	166,045	160,037	6,008
Recreational vehicle taxes	2,124	3,812	2,103	1,709
Big truck tax	2,482	4,290	-	4,290
State aid	1,574,391	2,069,094	2,197,909	[128,815]
Reimbursements	-	18,051	-	18,051
Transfers in	-	35,000	-	35,000
Total Receipts	<u>3,071,302</u>	<u>3,012,334</u>	<u>\$ 3,134,654</u>	<u>\$ [122,320]</u>
Expenditures				
Instruction	546,127	671,026	\$ 558,000	\$ [113,026]
Student support services	11,660	40,270	15,000	[25,270]
Instructional support staff	166,897	195,657	179,500	[16,157]
General administration	43,988	26,243	125,135	98,892
Central services	2,907	16,765	5,000	[11,765]
Operations and maintenance	103,983	435,796	105,000	[330,796]
Capital outlay	-	8,349	-	[8,349]
Transfers out	2,163,410	1,681,187	2,207,000	525,813
Adjustments to comply with legal max	-	-	[101,291]	[101,291]
Adjustments for qualifying budget credits	-	-	[18,051]	[18,051]
Total Expenditures	<u>3,038,972</u>	<u>3,075,293</u>	<u>\$ 3,075,293</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	32,330	[62,959]		
Unencumbered Cash, Beginning	<u>116,963</u>	<u>149,293</u>		
Unencumbered Cash, Ending	<u>\$ 149,293</u>	<u>\$ 86,334</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 491  
At Risk (K-12) Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfers in	\$ 1,039,868	\$ 863,907	\$ 1,050,000	\$ [186,093]
Total Receipts	<u>1,039,868</u>	<u>863,907</u>	<u>\$ 1,050,000</u>	<u>\$ [186,093]</u>
Expenditures				
Instruction	1,064,868	1,088,907	\$ 1,235,132	\$ 146,225
Total Expenditures	<u>1,064,868</u>	<u>1,088,907</u>	<u>\$ 1,235,132</u>	<u>\$ 146,225</u>
Receipts Over [Under] Expenditures	[25,000]	[225,000]		
Unencumbered Cash, Beginning	<u>250,000</u>	<u>225,000</u>		
Unencumbered Cash, Ending	<u>\$ 225,000</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Bilingual Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfers in	\$ 62,814	\$ 59,064	\$ 60,000	\$ [936]
Total Receipts	<u>62,814</u>	<u>59,064</u>	<u>\$ 60,000</u>	<u>\$ [936]</u>
Expenditures				
Instruction	<u>62,814</u>	<u>64,064</u>	<u>\$ 65,000</u>	<u>\$ 936</u>
Total Expenditures	<u>62,814</u>	<u>64,064</u>	<u>\$ 65,000</u>	<u>\$ 936</u>
Receipts Over [Under] Expenditures	-	[5,000]		
Unencumbered Cash, Beginning	<u>5,000</u>	<u>5,000</u>		
Unencumbered Cash, Ending	<u>\$ 5,000</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Capital Outlay Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over <u>[Under]</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem property tax	\$ 116,913	\$ 445,969	\$ 420,995	\$ 24,974
Delinquent tax	5,212	4,351	2,006	2,345
Motor vehicle tax	49,958	33,328	32,118	1,210
Recreational vehicle tax	684	577	422	155
Big truck tax	922	879	-	879
State capital outlay aid	-	185,521	253,870	[68,349]
Miscellaneous	101,442	233,073	654,616	[421,543]
Investment income	2,136	2,568	3,500	[932]
Total Receipts	<u>277,267</u>	<u>906,266</u>	<u>\$ 1,367,527</u>	<u>\$ [461,261]</u>
Expenditures				
Instruction	176,295	90,756	\$ 245,000	\$ 154,244
Support services	-	-	30,000	30,000
Instructional support staff	50,726	81,574	50,000	[31,574]
General administration	-	-	20,000	20,000
School administration	7,199	27,977	20,000	[7,977]
Operations and maintenance	11,405	32,574	36,420	3,846
Transportation	3,864	-	200,000	200,000
Facilities acquisition and construction	354,203	561,799	310,000	[251,799]
Building improvements	-	-	470,000	470,000
Total Expenditures	<u>603,692</u>	<u>794,680</u>	<u>\$ 1,381,420</u>	<u>\$ 586,740</u>
Receipts Over [Under] Expenditures	[326,425]	111,586		
Unencumbered Cash, Beginning	<u>262,351</u>	<u>[64,074]</u>		
Unencumbered Cash, Ending	<u>\$ [64,074]</u>	<u>\$ 47,512</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Driver Training Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
State aid	\$ 3,825	\$ 3,720	\$ 4,250	\$ [530]
Miscellaneous	7,920	10,494	15,000	[4,506]
Transfer in	2,488	-	-	-
Total Receipts	<u>14,233</u>	<u>14,214</u>	<u>\$ 19,250</u>	<u>\$ [5,036]</u>
Expenditures				
Instruction	12,851	11,231	\$ 13,200	\$ 1,969
Vehicle operating and maintenance	2,025	3,983	2,800	[1,183]
Total Expenditures	<u>14,876</u>	<u>15,214</u>	<u>\$ 16,000</u>	<u>\$ 786</u>
Receipts Over [Under] Expenditures	[643]	[1,000]		
Unencumbered Cash, Beginning	<u>1,643</u>	<u>1,000</u>		
Unencumbered Cash, Ending	<u>\$ 1,000</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Food Service Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 375,347	\$ 395,412	\$ 380,385	\$ 15,027
State aid	8,437	8,640	7,690	950
Charges for services	371,269	384,698	469,564	[84,866]
Miscellaneous	9,242	12,057	-	12,057
Transfers in	-	<u>44,423</u>	-	<u>44,423</u>
Total Receipts	<u>764,295</u>	<u>845,230</u>	<u>\$ 857,639</u>	<u>\$ [12,409]</u>
Expenditures				
Operation and maintenance	84,506	122,317	\$ 87,000	\$ [35,317]
Food service operation	<u>683,768</u>	<u>697,848</u>	<u>844,593</u>	<u>146,745</u>
Total Expenditures	<u>768,274</u>	<u>820,165</u>	<u>\$ 931,593</u>	<u>\$ 111,428</u>
Receipts Over [Under] Expenditures	[3,979]	25,065		
Unencumbered Cash, Beginning	<u>77,933</u>	<u>73,954</u>		
Unencumbered Cash, Ending	<u>\$ 73,954</u>	<u>\$ 99,019</u>		



UNIFIED SCHOOL DISTRICT NO. 491  
Professional Development Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Miscellaneous	\$ 35,596	\$ 49,344	\$ 15,000	\$ 34,344
Total Receipts	<u>35,596</u>	<u>49,344</u>	<u>\$ 15,000</u>	<u>\$ 34,344</u>
Expenditures				
Instructional support services	<u>36,596</u>	<u>51,344</u>	<u>\$ 17,000</u>	<u>\$ [34,344]</u>
Total Expenditures	<u>36,596</u>	<u>51,344</u>	<u>\$ 17,000</u>	<u>\$ [34,344]</u>
Receipts Over [Under] Expenditures	[1,000]	[2,000]		
Unencumbered Cash, Beginning	<u>3,000</u>	<u>2,000</u>		
Unencumbered Cash, Ending	<u>\$ 2,000</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Parent Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfers in	\$ 14,415	\$ 9,465	\$ 12,000	\$ [2,535]
Total Receipts	<u>14,415</u>	<u>9,465</u>	<u>\$ 12,000</u>	<u>\$ [2,535]</u>
Expenditures				
Student support services	<u>14,415</u>	<u>12,465</u>	<u>\$ 15,000</u>	<u>\$ 2,535</u>
Total Expenditures	<u>14,415</u>	<u>12,465</u>	<u>\$ 15,000</u>	<u>\$ 2,535</u>
Receipts Over [Under] Expenditures	-	[3,000]		
Unencumbered Cash, Beginning	<u>3,000</u>	<u>3,000</u>		
Unencumbered Cash, Ending	<u>\$ 3,000</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Special Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 28,370	\$ 59,230	\$ 50,000	\$ 9,230
Transfers in	<u>2,196,911</u>	<u>2,224,365</u>	<u>2,466,300</u>	<u>[241,935]</u>
Total Receipts	<u>2,225,281</u>	<u>2,283,595</u>	<u>\$ 2,516,300</u>	<u>\$ [232,705]</u>
Expenditures				
Instruction	2,265,335	2,421,448	\$ 2,601,691	\$ 180,243
Transportation	<u>74,707</u>	<u>78,231</u>	<u>92,200</u>	<u>13,969</u>
Total Expenditures	<u>2,340,042</u>	<u>2,499,679</u>	<u>\$ 2,693,891</u>	<u>\$ 194,212</u>
Receipts Over [Under] Expenditures	[114,761]	[216,084]		
Unencumbered Cash, Beginning	<u>336,776</u>	<u>222,015</u>		
Unencumbered Cash, Ending	<u>\$ 222,015</u>	<u>\$ 5,931</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Vocational Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 6,635	\$ 4,500	\$ -	\$ 4,500
Tuition	231,821	222,100	235,000	[12,900]
Miscellaneous	14,958	14,348	25,000	[10,652]
Transfers in	281,363	96,555	400,000	[303,445]
Total Receipts	<u>534,777</u>	<u>337,503</u>	<u>\$ 660,000</u>	<u>\$ [322,497]</u>
Expenditures				
Instruction	543,153	322,121	\$ 628,500	\$ 306,379
School administration	44,625	50,245	48,500	[1,745]
Operations and maintenance	51,292	40,844	143,000	102,156
Total Expenditures	<u>639,070</u>	<u>413,210</u>	<u>\$ 820,000</u>	<u>\$ 406,790</u>
Receipts Over [Under] Expenditures	[104,293]	[75,707]		
Unencumbered Cash, Beginning	<u>180,000</u>	<u>75,707</u>		
Unencumbered Cash, Ending	<u>\$ 75,707</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Gifts and Grants Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Miscellaneous	\$ 85,085	\$ 113,323	\$ 100,000	\$ 13,323
Total Receipts	<u>85,085</u>	<u>113,323</u>	<u>\$ 100,000</u>	<u>\$ 13,323</u>
Expenditures				
Instruction	13,062	95,410	\$ 189,166	\$ 93,756
Student support services	3,196	9,505	20,000	10,495
Instructional support staff	6,920	898	10,000	9,102
General administration	-	3,744	-	[3,744]
Food service operations	<u>11,851</u>	<u>114,918</u>	<u>-</u>	<u>[114,918]</u>
Total Expenditures	<u>35,029</u>	<u>224,475</u>	<u>\$ 219,166</u>	<u>\$ [5,309]</u>
Receipts Over [Under] Expenditures	50,056	[111,152]		
Unencumbered Cash, Beginning	<u>69,110</u>	<u>119,166</u>		
Unencumbered Cash, Ending	<u>\$ 119,166</u>	<u>\$ 8,014</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
KPERs Special Retirement Contribution Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
State aid	\$ 884,237	\$ 873,301	\$ 1,052,242	\$ [178,941]
Total Receipts	<u>884,237</u>	<u>873,301</u>	<u>\$ 1,052,242</u>	<u>\$ [178,941]</u>
Expenditures				
Instruction	884,237	873,301	\$ 664,212	\$ [209,089]
Student support services	-	-	85,000	85,000
Instructional support services	-	-	50,000	50,000
General administration	-	-	65,000	65,000
School administration	-	-	45,345	45,345
Central services	-	-	10,000	10,000
Other support services	-	-	25,000	25,000
Operations and maintenance	-	-	43,500	43,500
Food service	-	-	25,000	25,000
Transportation	-	-	39,185	39,185
Total Expenditures	<u>884,237</u>	<u>873,301</u>	<u>\$ 1,052,242</u>	<u>\$ 178,941</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Federal Grant Funds  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	<u>Title I</u>	<u>Title I Migrant</u>	<u>Other Grants</u>	<u>Actual</u>	<u>Budget</u>	Variance Over [Under]
Receipts						
Federal aid	\$ 166,962	\$ 1,038,322	\$ 100,040	\$ 1,305,324	\$ 1,230,000	\$ 75,324
Total Receipts	<u>166,962</u>	<u>1,038,322</u>	<u>100,040</u>	<u>1,305,324</u>	<u>\$ 1,230,000</u>	<u>\$ 75,324</u>
Expenditures						
Instruction	166,962	-	37,013	203,975	\$ 230,000	\$ 26,025
Student support services	-	1,009,182	-	1,009,182	842,000	[167,182]
Instructional support staff	-	-	-	-	12,000	12,000
General administration	-	29,140	63,027	92,167	146,000	53,833
Total Expenditures	<u>166,962</u>	<u>1,038,322</u>	<u>100,040</u>	<u>1,305,324</u>	<u>\$ 1,230,000</u>	<u>\$ [75,324]</u>
Receipts Over [Under] Expenditures	-	-	-	-		
Unencumbered Cash, Beginning	-	-	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Contingency Reserve Fund \*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfers out	-	119,293
Total Expenditures	<u>-</u>	<u>119,293</u>
Receipts Over [Under] Expenditures	-	[119,293]
Unencumbered Cash, Beginning	<u>229,500</u>	<u>229,500</u>
Unencumbered Cash, Ending	<u>\$ 229,500</u>	<u>\$ 110,207</u>

\* This fund is not required to be budgeted.



UNIFIED SCHOOL DISTRICT NO. 491  
Textbook and Student Material Revolving Fund \*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Miscellaneous	\$ 47,529	\$ 48,148
Total Receipts	<u>47,529</u>	<u>48,148</u>
Expenditures		
Instruction	<u>81,147</u>	<u>31,091</u>
Total Expenditures	<u>81,147</u>	<u>31,091</u>
Receipts Over [Under] Expenditures	[33,618]	17,057
Unencumbered Cash, Beginning	<u>40,379</u>	<u>6,761</u>
Unencumbered Cash, Ending	<u>\$ 6,761</u>	<u>\$ 23,818</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 491  
Bond and Interest Fund #1  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,634,716	\$ 1,612,955	\$ 1,550,371	\$ 62,584
Delinquent taxes	19,181	23,550	29,509	[5,959]
Motor vehicle taxes	158,432	178,644	172,176	6,468
Recreational vehicle taxes	2,231	4,367	2,263	2,104
Big truck taxes	2,706	4,599	-	4,599
State aid	1,604,369	2,012,888	2,020,345	[7,457]
Federal tax credit	117,393	118,285	108,400	9,885
Bond proceeds	-	2,305,825	-	2,305,825
Miscellaneous	-	6,769	-	6,769
Total Receipts	<u>3,539,028</u>	<u>6,267,882</u>	<u>\$ 3,883,064</u>	<u>\$ 2,384,818</u>
Expenditures				
Principal	400,000	995,000	\$ 995,000	\$ -
Cost of issuance	-	2,305,825	-	[2,305,825]
Interest and other bond charges	2,803,674	2,777,241	2,786,755	9,514
Adjustments for qualifying budget credits	-	-	2,305,825	2,305,825
Total Expenditures	<u>3,203,674</u>	<u>6,078,066</u>	<u>\$ 6,087,580</u>	<u>\$ 9,514</u>
Receipts Over [Under] Expenditures	335,354	189,816		
Unencumbered Cash, Beginning	<u>1,458,123</u>	<u>1,793,477</u>		
Unencumbered Cash, Ending	<u>\$ 1,793,477</u>	<u>\$ 1,983,293</u>		

UNIFIED SCHOOL DISTRICT NO. 491  
Agency Funds  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Eudora Elementary School:				
Library	\$ 1,245	\$ 444	\$ 461	\$ 1,228
Drama club	863	1,030	608	1,285
Principal's council	8,119	7,526	9,421	6,224
Polar express	1,465	1,010	1,795	680
Music	952	562	934	580
Deffenbaugh	24	-	-	24
Science fair	216	139	76	279
Pepsi	837	-	-	837
Total Eudora Elementary Activity Funds	<u>13,721</u>	<u>10,711</u>	<u>13,295</u>	<u>11,137</u>
Eudora Middle School				
Pepsi	642	703	710	635
Pep club	151	1,453	1,533	71
Cardinal club	2,675	4,619	3,585	3,709
Student council	12,581	11,868	10,807	13,642
Reading club	3,491	2,741	1,784	4,448
PBS	3,006	521	599	2,928
Vocal music	2,868	24,278	23,266	3,880
Box tops for education	222	685	115	792
Dance club	232	69	220	81
Yearbook	556	6,003	3,251	3,308
Total Eudora Middle School Activity Funds	<u>26,424</u>	<u>52,940</u>	<u>45,870</u>	<u>33,494</u>
Eudora High School				
Activity 101	2,414	7,507	6,166	3,755
Band club	3,626	8,436	10,003	2,059
Banners donations	1,701	15,646	13,377	3,970
Baseball club	2,343	5,198	5,986	1,555
Boys basketball club	2,769	5,009	5,474	2,304
Candor	178	-	178	-
Cardinal club	127	-	127	-
Cheer and dance festival	1,510	2,661	2,299	1,872
Cheerleader	4,637	9,582	11,087	3,132
Chess club	50	124	100	74
Choir	3,080	14,850	13,654	4,276
Class of 2014	2,325	-	2,325	-
Class of 2015	6,047	24,537	28,910	1,674
Class of 2016	2,959	8,851	1,362	10,448
Class of 2017	1,065	1,255	-	2,320
Class of 2018	-	1,085	-	1,085
Concessions	3,199	24,271	22,739	4,731
Cross country	3,305	10,727	11,709	2,323
Dance team	1,362	7,520	6,646	2,236
Subtotal Eudora High School Activity Funds	<u>42,697</u>	<u>147,259</u>	<u>142,142</u>	<u>47,814</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Agency Funds  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Eudora High School				
Drama club	\$ 1,023	\$ 507	\$ 282	\$ 1,248
Driver's education	-	10,600	10,600	-
Economics class	177	-	-	177
Entrepreneur club	1,355	2,801	2,356	1,800
Environmental club	318	-	-	318
F.B.L.A.	1,319	4,530	4,593	1,256
F.C.A.	156	348	333	171
FCCLA	500	-	500	-
F.F.A.	2,828	10,717	11,035	2,510
Football	51	11,859	8,896	3,014
Forensics/Debate	203	-	203	-
Garden	584	-	209	375
Girls basketball	554	2,756	1,971	1,339
Grant - raytheon math hero	3,150	-	54	3,096
International club	507	598	807	298
KSHSAA Music Festival	804	3,655	2,680	1,779
Library fund	1,269	407	536	1,140
Life skills class	139	714	341	512
Life skills: Braithwaite Memorial	345	-	82	263
Marketing class	4,109	-	35	4,074
Newspaper	76	520	40	556
NHS	50	1,000	55	995
Pep club	167	-	167	-
Play & musical	2,180	5,526	2,567	5,139
SADD	5,379	1,587	864	6,102
Scholars bowl	1,098	540	718	920
Scholarships	2,000	3,900	2,400	3,500
Science Olympiad	-	350	-	350
Senior advisory committee	4,147	2,074	1,736	4,485
SkillsUSA: Auto collision	3,793	32,290	21,123	14,960
SkillsUSA: Culinary arts	2,411	10,739	11,365	1,785
SkillsUSA: Drafting	25	285	203	107
SkillsUSA: Health careers	4,283	3,802	3,481	4,604
SkillsUSA: Visual arts	16,414	5,809	4,088	18,135
SkillsUSA: Woodshop	1,702	9,931	9,382	2,251
SkillsUSA: Yearbook	17,008	10,465	5,349	22,124
Soccer	4,028	418	2,846	1,600
Softball	4,018	4,719	6,174	2,563
Student council	1,477	5,256	4,688	2,045
Testing fees	162	585	546	201
Textbook	257	-	-	257
Track	434	79	70	443
Travel Club (formerly Close-Up club)	242	-	-	242
Video club	2,729	3,974	4,616	2,087
Volleyball	-	2,596	2,490	106
Wrestling	391	359	567	183
Total Eudora High School Activity Funds	<u>136,559</u>	<u>303,555</u>	<u>273,190</u>	<u>166,924</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
 Agency Funds  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Total All School Activity Funds	\$ 176,704	\$ 367,206	\$ 332,355	\$ 211,555
Payroll Clearing	500	39,757	39,903	354
Total Agency Funds	<u>\$ 177,204</u>	<u>\$ 406,963</u>	<u>\$ 372,258</u>	<u>\$ 211,909</u>

## SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 491  
 District Activity Funds  
 Schedule of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended June 30, 2015

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>District activity funds:</u>							
Eudora High School							
Revolving gate entry	\$ -	\$ -	\$ 37,563	\$ 37,563	\$ -	\$ -	\$ -
Users fees	-	-	8,809	8,534	275	-	275
Sales tax	-	-	9,114	9,082	32	-	32
Total Eudora High School	-	-	55,486	55,179	307	-	307
Eudora Middle School							
Revolving gate entry	-	-	9,662	9,662	-	-	-
Users fees	-	-	3,848	3,848	-	-	-
Sales tax	-	-	4,685	4,685	-	-	-
Total Eudora Middle School	-	-	18,195	18,195	-	-	-
Eudora Elementary School							
Sales tax	-	-	171	171	-	-	-
Total Eudora Elementary School	-	-	171	171	-	-	-
Total All Schools	-	-	73,852	73,545	307	-	307
<u>District (fee collection and activity fund):</u>							
Activity fund	10,000	-	87,321	97,321	-	-	-
Total District	10,000	-	87,321	97,321	-	-	-
Total All Funds	\$ 10,000	\$ -	\$ 161,173	\$ 170,866	\$ 307	\$ -	\$ 307

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 491  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Safe and Drug Free Schools and Communities Passed Through State Department of Education:	84.184	\$ -	\$ 71,659	\$ 71,659	\$ -
Title I Grants to Local Educational Agencies	84.010	-	166,962	166,962	-
Title I Migrant	84.011	-	1,038,322	1,038,322	-
KSDE Career and Technical Education - Basic Grants to	84.048	-	4,500	4,500	-
Improving Teacher Quality State Grants	84.367	-	28,381	28,381	-
Total U.S. Department of Education			<u>1,309,824</u>	<u>1,309,824</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
School Breakfast Program	10.553	-	69,074	69,074	-
National School Lunch Program	10.555	-	326,338	326,338	-
Team Nutrition Training	10.574	-	550	550	-
KSDE Farm to School Grant Program	10.575	-	100	100	-
Total U.S. Department of Agriculture			<u>396,062</u>	<u>396,062</u>	
Total Expenditures of Federal Awards			<u>\$ 1,705,886</u>	<u>\$ 1,705,886</u>	

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 491  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 491. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.



UNIFIED SCHOOL DISTRICT NO. 491  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified - Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are not  
considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are not  
considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a)  
of Circular A-133?

\_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553 and 10.555  
84.011

Child Nutrition Cluster  
Title I Migrant

Dollar threshold used to distinguish between  
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

UNIFIED SCHOOL DISTRICT NO. 491  
Schedule of Findings and Questioned Costs - Continued  
For The Year Ended June 30, 2015

Section II - Financial Statement Findings

Current Year Findings

None noted

Prior Year Findings

None noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None noted

Prior Year Findings

None noted

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education  
Unified School District No. 491  
Eudora, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the financial statements of the Unified School District No. 491 (the District), Eudora, Kansas as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 14, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However we noted certain other matters that we reported to management of the Unified School District No. 491, Eudora, Kansas, in a separate letter dated December 14, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

December 14, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Unified School District No. 491  
Eudora, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of Unified School District No. 491 (the District), Eudora, Kansas, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

December 14, 2015